



DoD Financial Management Balanced Scorecard

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What I'll Talk About

- DoD FM BSC Program
- Success of a Metric Program
- Future Plans
 - * Cascading Efforts
 - * Scoring and Weighting
 - * Website Expansion
- Q&A



Financial Management BSC Program

- **Increase Credibility of Financial Information**
 - **Report on the Financial Health of the Department**
 - **Obtain/Maintain Clean Audit Opinion**
- **Provide Performance & Cost Visibility**
- **Operationalize and Cascade to Lowest Echelons**
- **Take Action on Performance Improvement**

Vision Sets Direction

- **Must be at the Highest Echelon**
 - **Quadrennial Defense Review for DoD**
- **Within Comptroller - Relevant and Reliable Info**
- **Focus Indicators on Improvement Areas**
- **Set Challenging, Yet Obtainable Goals**
- **Influence Behavior to Streamline, Realign,**
Improve

Keys to Success

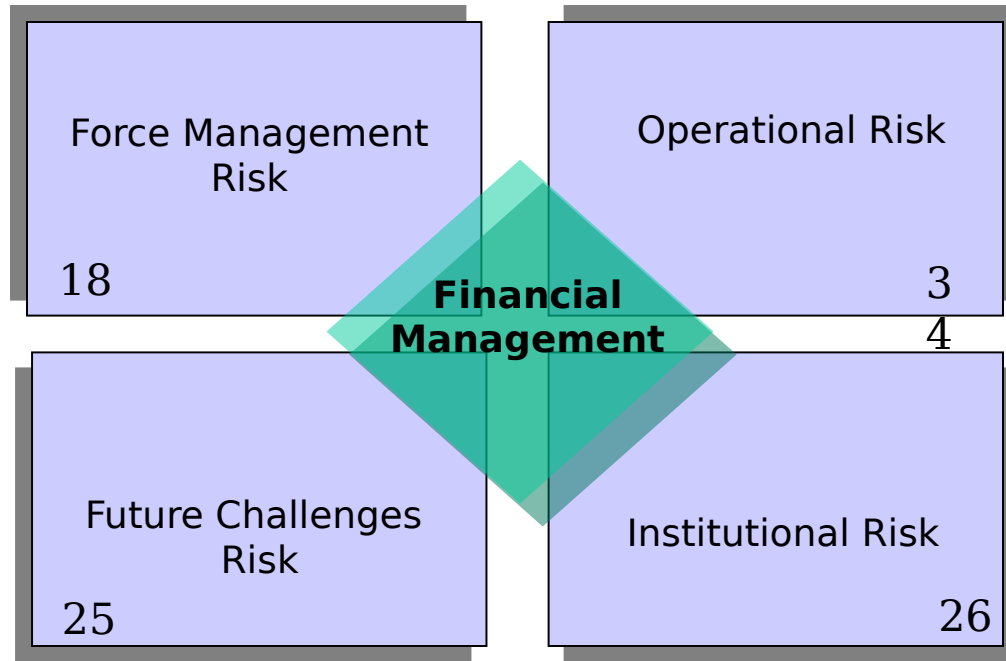
- **Creation of the Balanced Scorecard**
 - **Customize characteristics**
 - **Maintain balance**
 - **Create causal linkages**
 - **Determine the appropriate number of indicators**

- **Implementation of the Balanced Scorecard**
 - **Gain senior leadership support**
 - **Establish clear process to review measures & monitor progress**
 - **Link program performance to budget decisions**
 - **Use IT applications**
 - **Cascade to lowest echelon**

What's IN

- Leading vs Lagging Indicators
- Influencing Behavior Imperative
- Cascading Critical
- Scoring & Weighting Summary
- Target, Goals, or Benchmarks
- Stoplight Indicators
 - * Is “RED” Bad?

Four Risk Areas of DoD Strategy



Effective financial management impacts all four risk areas and should be measured and represented on the scorecard accordingly.

DoD Financial Management Balanced Scorecard

QDR Management Framework

Force Management Risk:

- The ability to recruit, retain, train, and equip sufficient numbers of quality personnel and sustain the readiness of the force while accomplishing its many operational tasks.

Operational Risk:

- The ability to achieve military objectives in a near-term conflict or other contingency.

Future Challenges Risk:

- The ability to invest in new capabilities and develop new operational concepts needed to dissuade or defeat mid-to long-term military challenges.

Institutional Risk:

- The ability to develop management practices and controls that use resources efficiently and promote the effective operation of the Defense establishment.

DoD FM BSC Strategy

Force Management Risk:

- Recruit and retain skilled financial managers.
- Ensure technical competencies are adequate.
- Provide job satisfaction and incentives.
- Provide adequate funding for training.
- Provide advancement opportunities.

Operational Risk:

- Provide a broad overview of the Department's business and financial performance including recent developments, trends, and objectives.

Future Challenges Risk:

- Deliver a relevant, reliable, and timely budget to OMB and Congress that integrates performance measures.
- Execute the budget to provide the resources necessary for the capabilities needed by the Combatant Commanders.

Institutional Risk:

- Provide timely and accurate management information.
- Reengineer the DoD's business processes and deliver a well-designed

Comptroller Balanced Scorecard

Force Management Risk (Innovation & Learning Perspective)

- Recruit & Retain Skilled Financial staff
- Focus on Technical Competencies
- Provide Job Satisfaction & Incentives

Future Challenges Risk (Internal Business Perspective)

- Provide Adequate Funding for
- Deliver Relevant, Reliable, and Timely Budget to Congress
- Execute the Budget

Operational Risk (Financial Perspective)

- Provide Broad Overview of the Departments Business and Financial Performance

Institutional Risk (Customer Perspective)

- Provide Timely and Accurate Management Information
- Reengineer Business Processes
- Governance of the New Business

Management Program

DoD Financial Management Balanced Scorecard

- External and Internal Reporting -

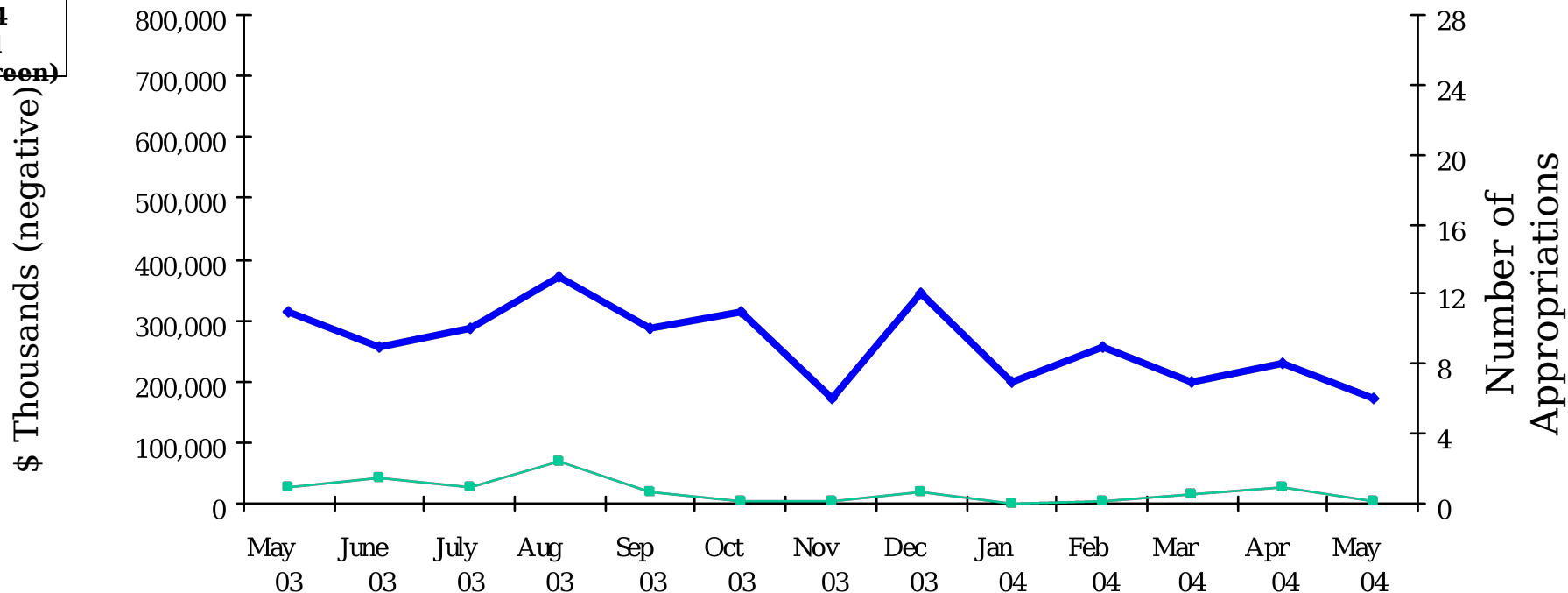
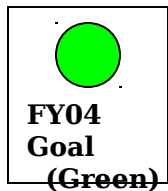
External Reporting

1. President's Management Agenda (PMA)
OMB Quarterly Reporting Requirements
2. Regarding the Department's Financial Material Weaknesses
3. Government-Wide Metrics Monthly Reporting
4. Annual Defense Report (ADR)
5. Performance & Accountability Report (PAR)

Internal Reporting

1. DCFO & PB Monthly Update
2. PDUSD(C) Monthly Update
3. Audit Responsibilities
4. Cascaded Metrics Update
5. Scoring and Weighting Summary Level Reporting
6. Summarizing and Narrative
7. Web Application
8. PA&E Reporting for ADR and PAR
9. Quarterly R&D Metrics Reporting

Total Appropriations with Negative Balances



Army #	4	2	3	3	2	2	4	0	0	1	1	0	1	0
Navy #	6	5	5	4	4	5	4	5	7	5	4	5	4	3
Air Force #	0	1	0	0	0	1	1	0	1	0	0	0	1	1
DoD #	1	3	1	3	7	2	2	1	4	1	4	2	2	2
#of App	11	11	9	10	13	10	11	6	12	7	9	7	8	6

■ \$ Value ◆ Number

Note: 7/15/02 Rebaselined for Mar, Apr, and May 2002 to include stop pay actions in accordance with DoD policy.
January 01 data not available

Pre-Decisional Draft

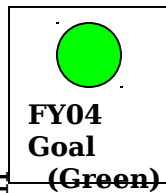
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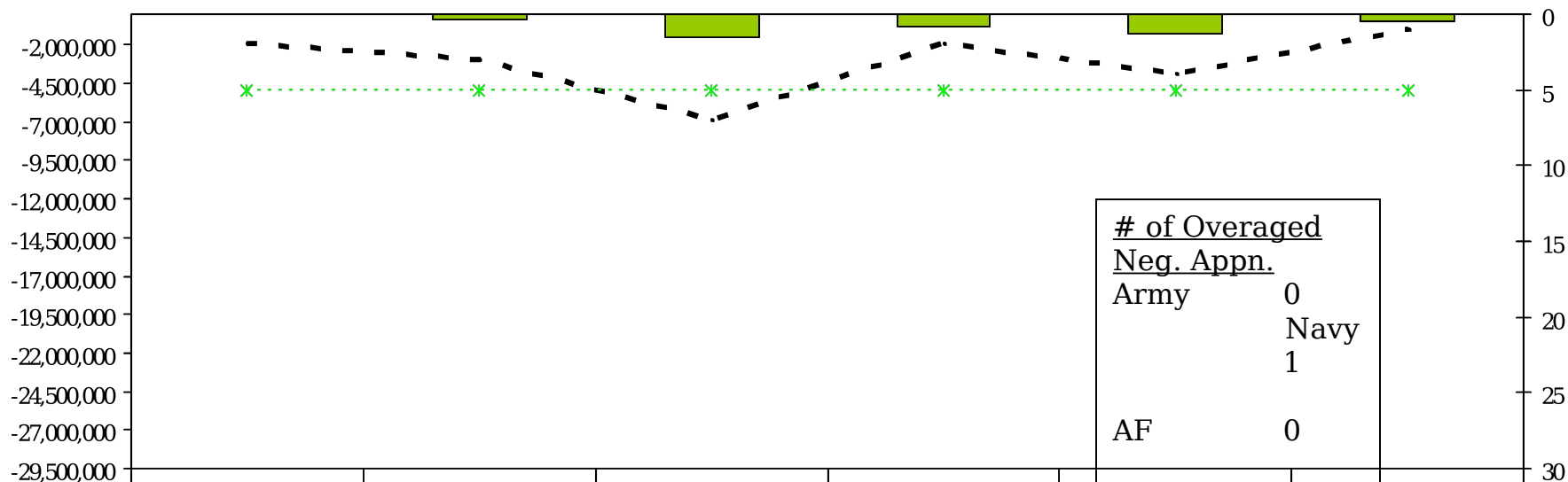
Appropriations With Negative Balances

- by Military Service/Defense Agency

As of May 31 2004



\$ Value of Negative Appropriation



Months Outstanding

	Shipbuilding and Conversion, FY 98/02 Navy	RDT&E FY 00/02 Navy	RDT&E FY 02/04 Navy	Air National Guard Personnel FY\00 AF	Chemical Agency Munitions FY 98/00 DOD	Department of Defense, Education Benefits Fund FY X (DOD)
# of Overaged Neg. Appn.						
Army					0	
Navy					1	
AF					0	
Def. Agency						
\$ Value	-25,703	-308,573	-1,467,413	-830,472	-1,318,678	-420,089
Age	2	3	7	2	4	1
Goal	5	5	5	5	5	5

Observations: FY 2004 Goal: The goal is to ensure there are no appropriations with negative balances over 5-months old.

Results: On Schedule to Meet Goal. There is one appropriation in negative status for the month of May that is over 5 months old. The appropriation is 17 0204 1319. On June 25th, Treasury informed us that a JV was processed and the balance was brought to zero. In addition, Cleveland is sending a request to Treasury to put a "block" on this account. This will prevent any future reporting on this account by the State Department.

Measurable Successes



GAO Highlights

Highlights of GAO-03-457, a report to the Chairman and Ranking Minority Member, Subcommittee on Readiness and Management Support, Committee on Armed Services, U.S. Senate

Why GAO Did This Study

The Department of Defense (DOD) has historically been unable to accurately account for and record its disbursements. In March 2002, the DOD Comptroller cited metrics

March 2003

FINANCIAL MANAGEMENT

DOD's Metrics Program Provides Focus for Improving Performance

What GAO Found

The DOD Comptroller's metrics showing significant reductions in payment recording errors and in commercial and travel card payment delinquencies were, in general, based on definitions and methodologies that were either consistent with or better than those used for prior reporting on these issues. Although the methodology used to calculate two of the cited measures



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DOD financial progress praised

BY [Matthew French](#)
April 2, 2003

The General Accounting Office issued a report this week lauding the Defense Department's policies to reduce payment recording errors and commercial and travel card payment delinquencies.

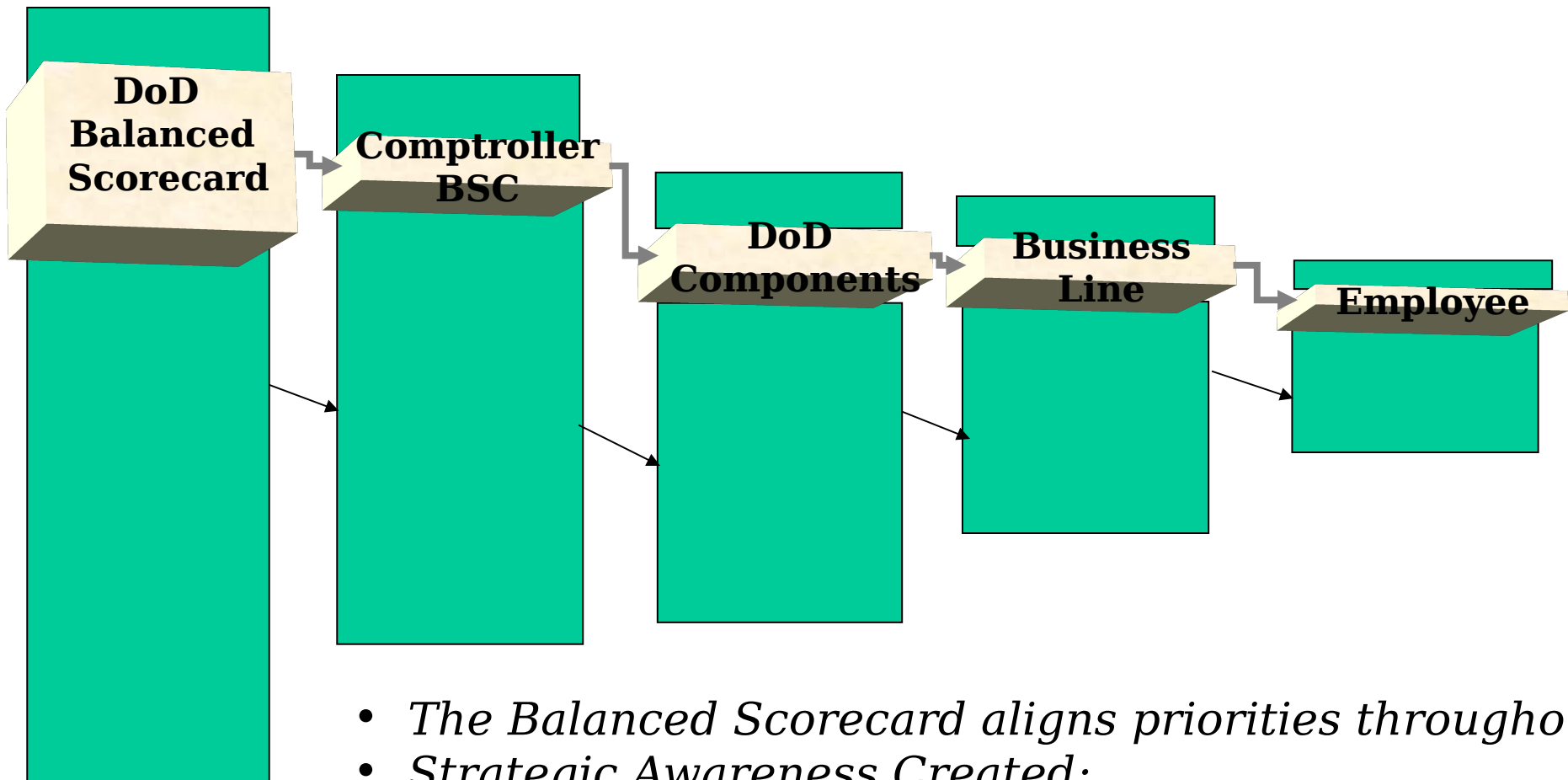
GAO cited "significant reductions" in discrepancies and said DOD used methods that were "either consistent with or better than those used for prior reporting on these issues."

Nevertheless, the report says DOD still has a long way to go. "DOD's archaic and nonintegrated systems either do not contain the transaction-level detail to support the completeness and accuracy of the metrics or they make it extremely onerous or time-consuming for the staff to gather and reconcile the needed detail," the report states.

Progress Since April 01 to April 04:

- Unmatched Disbursements declined 52%
- NULOs declined 85%
- CBA Travel Card delinquency rate declined 74%
- IBA Travel Card Delinquency rate declined 49%
- Purchase Card Delinquency rate declined 50%

Cascading the Balanced Scorecard



- *The Balanced Scorecard aligns priorities throughout*
- *Strategic Awareness Created;*
- *Motivates to Make Strategy Everyone's Job;*
- *Aligns Personal Objectives.*

SCORING and WEIGHTING OF

Summary of DoD Material Weaknesses

METRICS

	Operational Weight Factor (1)	Operational Metrics	Total BSC Factor (2)	Total Balanced Scorecard
Achieve Unqualified Audit Opinions	100%	7.3	100%	2.0
Accounting Entries	20%	6	7%	6
Military Retirement Health Care Liabilities (R&D) (3) (4)	0%	0	4%	0
General Property, Plant and Equipment (R&D)	0%	0	4%	0
Working Capital Fund Inventory (R&D)	0%	0	4%	0
Environmental Liabilities (R&D)	0%	0	4%	0
Fund Balance with Treasury	60%	10	15%	10
Intragovernmental Eliminations (R&D)	0%	0	4%	0
Gov't Furnished Material & Contractor (R&D)	0%	0	4%	0
Inventory Valuation (R&D)	0%	0	4%	0
Statement of Financing (R&D)	0%	0	4%	0
Statement of Net Cost (R&D)	0%	0	4%	0
Operating Material and Supplies (R&D)	0%	0	4%	0
Problem Disbursement (UMD) (4)	10%	1	4%	1
Problem Disbursement (NULO) (4)	10%	8	4%	8
Business Management Enterprise Architecture (5)	0%	0	30%	0
Architecture Milestone Schedule (R&D)	0%	0	15%	0
Replacement of Noncompliant Systems (R&D)	0%	0	10%	0
Replacement of Noncompliant Feeder Systems (R&D)	0%	0	5%	0

(1) Operational Weight Scoring factor is based on operational metrics only; weight factor will be adjusted as more metrics become operational.

(2) Total Balanced Scorecard (BSC) scoring factor is based on both operational and metrics in development.

(3) Metrics annotated as R&D are still in the development stage, not operational or scored at this time.

(4) MRHCF Liability and Problem Disbursements no later consideration a material weakness.

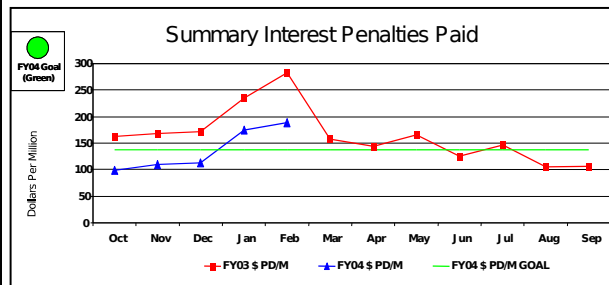
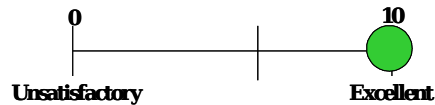
(5) Financial Management Enterprise Architecture is included in the Systems Composite metric scoring also.

For Demonstrative Purpose Only

Transforming the Way We Manage

Today

Improve Timeliness of Information



*Problem
Managemen
t*

*Business
Manageme
nt
Enterprise
Architectur
e*

Tomorrow

Dashboard



*Results
Manageme
nt*

Secure Web Site

HTTPS//DOD-METRICS.DFAS.MIL

DoD Financial Management Balanced Scorecard

Alphabetical Metric Index

Section I

Strategy, Vision, and Mission

Section II

Financial Operations Metrics

Section III

Budget-Related Metrics

Section IV

Enterprise Architecture Metrics

Section V

Reserved

Section VI

Summary Scoring and Policy

Section VII

Balanced Scorecard

Section VIII

Reference Material

The METRICS

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